

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re:	Case No.: 25-30004
The Ruins, LLC,	Chapter 11
Debtor.	

**AFFIDAVIT OF MATTHEW GEHRTZ
IN SUPPORT OF MOTION FOR RELIEF FROM STAY**

STATE OF NORTH DAKOTA)
) SS
COUNTY OF CASS)

I, Matthew Gehrtz, hereby state and declare as follows:

1. I am a Principal Construction Manager at Gehrtz Construction Services, Inc (“GCS”). I have held my current position since 2016. I was previously employed as a civil engineer.
2. I hold a Bachelor’s Degree in Civil Engineering from North Dakota State University and a Master of Business Administration from the University of Colorado.
3. I was retained by Red River State Bank (“RRSB”) to inspect the condition of a 63-unit apartment building located at 315 East Kemp Ave., Watertown, South Dakota (the “Ruins”).
4. I have personal knowledge of the matters described in this affidavit because I personally visited, inspected and documented the condition of the Ruins on the following dates: April 17, 2024, September 24, 2024, and May 6, 2025.

The April 2024 Site Visit and Report

5. On April 17, 2024, I performed my first inspection of the Ruins and I produced a 401-page Construction Observation Report (the “Initial GCS Report”). A true and correct copy of the Initial GCS Report is attached hereto as Exhibit A.

6. In the Initial GCS Report, I confirmed that construction of the Ruins was never completed. I also documented numerous construction defects or deficiency that posed a risk of water penetration at the Ruins.

7. During my initial visit, I confirmed that the actual siding of the building is, in my opinion, only approximately 60% complete. The North and East sides of the building are exposed with no siding, and on the other sides of the building where siding was generally present, several panels are missing or falling off the building. [Exh. A, p. 13]

8. Underneath the exterior siding of the building, there is a weather barrier called a Tyvek Building Wrap (the “Tyvek”). For the Ruins, the Tyvek is only approximately 75% complete. [Exh. A, p. 4] Additionally, the Tyvek has deteriorated since it was installed. In fact, due to incorrect installation and its current condition, I expressed concern in the Initial GCS Report that the Tyvek may no longer be warrantable via-a-vis the manufacturer. Id.

9. Window installation is only approximately 90% complete. I documented at least 4 missing windows, about 45-50 windows with moisture penetration on the north and east sides of the building, about 10-15 windows with broken or missing glass, about 12-17 windows with broken or malfunctioning latches, and about 6-10 window frames that were too warped to be operable. [Exh. A, p. 6, 14]

10. There are no seals or caulking around any of the openings for air-conditioning units in the building. [Exh. A, p. 3] The Initial GCS Report includes several photographs documenting interior walls that were very obviously wet during the Initial Visit. [Exh. A, p. 4]

11. Moisture protection on the roof is likely 95% complete. I observed several locations of soft spots in the roofing surface and areas that were not draining properly and holding approximately 1” of water. [Exh. A, p. 11] Construction damage to the roof poses a risk of leaks. [Exh. A, p. 35] There is also missing flashing and a missing roof cap – all of which are potential areas for water intrusion. Id.

12. In summary, in the Initial GCS Report, I thoroughly documented the risk of water intrusion in various interior walls and in-wall insulation. Throughout the Initial GCS Report, I documented each of the individual units and all of the common areas with wet or water-damaged drywall or windowsills.

The September 2024 Site Visit and Report

13. On September 24, 2024, I performed a follow-up inspection and produced an updated report dated September 27, 2024 (the “Second GCS Report”). A true and correct copy of the Second GCS Report is attached hereto as Exhibit B.

14. As explained in the Second GCS Report, there was no significant advancement in work on the project between the first and second site inspections. The follow-up inspection confirmed that the construction deficiencies described above did in fact lead to additional water penetration and damage.

The May 2025 Site Visit and Report

15. On May 6, 2025, I performed my third and most recent inspection of the Ruins and I produced an updated report dated June 10, 2025, about the current condition of the Ruins

(the “Current GCS Report”). A true and correct copy of the GCS Report is attached hereto as Exhibit C.

16. The condition of the Ruins has deteriorated over the past year. GCS observed additional water-related damage at the Ruins. I observed widespread moisture penetration in walls and near windowsills. It is open and obvious that water is penetrating the building through the outside walls. [Exh.C, p. 1]

17. In my opinion, the Ruins is currently in very poor condition as a result of the construction deficiencies identified above, the most significant being the remaining work to complete the building envelope and prevent moisture penetration.

18. In my opinion, it is imperative that the Ruins retains immediate water and mold remediation services to prevent the building from becoming uninhabitable. To that end, GCS engaged Derek Moline of Service Master to provide an estimate of the cost to test, mitigate and repair the effects of moisture penetration (the “Service Master Quote”). As detailed in the Service Master Quote, the cost of water and mold remediation is approximately \$293,951.43. [Exh C., p. 4-6]

19. As of May 6, 2025, the building remains incomplete. As explained in the Current GCS Report, GCS has not observed any material advancement in construction work at the Ruins since its initial visit on April 17, 2024. The condition of the building has further deteriorated. In my opinion, the cost to complete construction of the Ruins is now approximately \$1,695,967.00. A detailed breakdown of such construction costs is set forth on page 2 of the Current GCS Report.

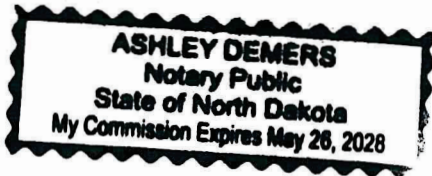
20. With the passage of time, the deterioration of the Ruins due to water damage will continue and the cost to complete the Ruins will increase.


I declare under penalty of perjury that the foregoing is true and correct.

Dated this 11 day of July 2025.


Matthew Gehrtz

Subscribed and sworn to before me this 11 day of July 2025.




Notary Public, Cass County, ND

(SEAL)